W/P	Performed	
Ref.	By	

Determine whether Cash receipts are Cash received and Cash received are Cash receipts are Cash receipts are Cash received are Cash received are Cash receipts are Cash received are Cash received are Cash received are Cash received are Cash receipts are Cash receipts are Cash received are Cash receive	OBJECTIVES:		
1. FINAL Prepare recomm sponses and res 2. COMM Review discussimendat 3. EXIT I Prepare with rev 4. INITIA Prepare B. ADMINISTR 1. JOB A Comple upon op audit st. 2. TIME/Prepare 3. BUDG If nece (hours Manage) 4. QUAL 1. Condete 2. Corrections of the condete 3. Corrections of the condete 4. QUAL 1. Condete 2. Corrections of the condete 3. Corrections of the condete 4. QUAL 1. Condete 2. Corrections of the condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 3. Corrections of the condete 4. QUAL 1. Condete 4. QUAL	whether internal controls are in place and operating effectively to ensure:		
1. FINAL Prepare recomm sponses and res 2. COMM Review discussi mendat 3. EXIT I Prepare with rev 4. INITIA Prepare B. ADMINISTR 1. JOB Ai Comple upon op audit st 2. TIME/ Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Con dete 2. Cor writ 3. Con	ceipts are adequately safeguarded.		
1. FINAL Prepare recomm sponses and res 2. COMM Review discussion mendat 3. EXIT I Prepare with review the review of the revie	ceipts are properly collected, recorded and deposited.		
1. FINAL Prepare recomm sponses and res 2. COMM Review discussion mendat 3. EXIT I Prepare with review the review of the revie	RT SECTION		
Prepare recomm sponses and res 2. COMM Review discussimendat 3. EXIT I Prepare with rev 4. INITIA Prepare B. ADMINISTRA 1. JOB A Comple upon op audit state 2. TIME/Prepare 3. BUDG If nece (hours Manage) 4. QUALA 1. Condete 2. Corwint 3. Con			
2. COMM Review discussimendat 3. EXIT I Prepare with review discussimendat 4. INITIA Prepare B. ADMINISTR 1. JOB A Comple upon opaudit state 2. TIME/Prepare 3. BUDG If nece (hours Manage) 4. QUALA 1. Condete 2. Corwini 3. Con	FINAL REPORT		
sponses and res 2. COMM Review discussion mendat 3. EXIT I Prepare with review the review of the r	Prepare a final report. Include auditee responses to the audit findings and ecommendations in the final report. Also attach the signed copy of the re-		
2. COMN Review discussion mendat 3. EXIT I Prepare with review the review of the revie	ponses when distributing the final report. Be sure to have final report		
Review discussimendat 3. EXIT I Prepare with review 4. INITIA Prepare 1. JOB AS Complete upon operated audit state with recent prepare audit state with review 4. INITIA Prepare audit state with review 4. INITIA Prepare audit state a	and responses proof-read prior to distribution.		
Review discussimendat 3. EXIT I Prepare with review w	COMMENT ON MANAGEMENT REPONSES		
mendat 3. EXIT I Prepare with rev 4. INITIA Prepare 1. JOB A Comple upon or audit st 2. TIME/ Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Con dete 2. Cor writ 3. Con	Review responses received from dept./agency management. Prepare a w/p		
3. EXIT I Prepare with rev 4. INITIA Prepare B. ADMINISTR 1. JOB Al Comple upon op audit st 2. TIME/ Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Con dete 2. Cor writ 3. Con	discussing the appropriateness of management's responses to the recom-		
Prepare with reverse at a second control of the reverse with reverse at a second control of the reverse with	mendations contained in the draft report. EXIT DRAFT REPORT		
4. INITIA Prepare 1. JOB A Comple upon op audit sta 2. TIME/ Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Con dete 2. Cor writ 3. Con	Prepare an exit draft report. If the exit draft report needs to be re-submitted		
4. INITIA Prepare B. ADMINISTR 1. JOB A Comple upon op audit st 2. TIME/ Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Con dete 2. Cor writ 3. Con	with revisions to the auditee, include a copy of the revised exit draft report.		
Prepare B. ADMINISTRA 1. JOB All Complete upon operated states and the states are states as a second of the states are states are states as a second of the states are state			
B. ADMINISTRA 1. JOB AS Comple upon op audit sta 2. TIME/ Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Con dete 2. Cor writ 3. Con	NITIAL & REFERENCE DRAFT REPORT Prepare initial draft of the report. Cross reference findings to work papers.		
1. JOB Al Complete upon operated audit state. 2. TIME/Prepare. 3. BUDG: If neces (hours Manage.) 4. QUAL. 1. Condett. 2. Conwrite. 3. Consumptions.	repare initial draft of the report. Closs reference findings to work papers.		
Complet upon op audit state 2. TIME/Prepare 3. BUDG: If nece (hours Manage 4. QUAL: 1. Condete 2. Corwini 3. Con	IISTRATION SECTION		
Complet upon op audit state 2. TIME/Prepare 3. BUDG If nece (hours Manage 4. QUAL 1. Condete 2. Corwing 3. Con	IOB ASSIGNMENT SHEET		
upon op audit state 2. TIME/Prepare 3. BUDG: If nece (hours Manage 4. QUAL) 1. Condete 2. Corwing 3. Con	Complete the assignment sheet and budget information on Audit Docket		
2. TIME/Prepare 3. BUDG: If nece (hours Manage) 4. QUAL: 1. Con dete (2. Cor write (3. Cor with (3. Cor c	upon opening of assignment. Update Audit Docket weekly to reflect current		
3. BUDG: If nece (hours Manage) 4. QUAL: 1. Con dete 2. Cor write 3. Con	udit status including milestones.		
3. BUDG: If nece (hours Manage) 4. QUAL: 1. Con dete 2. Cor write 3. Con	ΓIME/BUDGET MONITORING		
If nece (hours Manage 4. QUAL) 1. Con dete 2. Cor writ 3. Con	Prepare a time/budget summary to monitor fieldwork progress.		
If nece (hours Manage 4. QUAL) 1. Con dete 2. Cor writ 3. Con			
4. QUALI 1. Condete 2. Conwrit 3. Con	BUDGET REVISIONS f necessary, prepare a budget revision. The need for budget revisions		
4. QUAL: 1. Condete 2. Conwrit 3. Con	hours and completion date) should be identified and discussed with the		
1. Con deto 2. Cor writ 3. Con	Manager as soon as possible in the audit process.		
1. Con deto 2. Cor writ 3. Con	NIALITY ASSIDANCE		
dete 2. Cor writ 3. Cor	QUALITY ASSURANCE Complete the Audit Planning Checklist after the final scope has been		
writ 3. Con	determined.		
3. Coi			
4 Con			
	has been issued.		
		1	1
	determined. Complete the Audit Program checklist after the final audit program has been written. Complete the Audit Workpaper Checklist at the end of the audit. Complete the Audit Closing Procedures Checklist after the final report		

W/P	Performed
Ref.	By

C. WRA	P-UP MEMO	
tered • 1	are a Wrap-Up Memo. Include comments in the wrap-up memo as encounduring the audit including: Future program and/or approach changes Comments on the audit scope Other comments of future benefit	
	IT PROGRAM	
befor	are the audit program. Obtain Manager approval of the draft audit program re the related work begins, or as soon as possible thereafter. Revise and rete the program as necessary throughout fieldwork.	
E. FIND	INGS	
1.	FINDING SUMMARY Use a control sheet to summarize abstract topics and dispositions. Findings should be referenced to the source workpaper.	
2.	FINDING ABSTRACTS Prepare finding abstracts of potential audit findings. Ensure abstracts adequately develop the finding and include the following elements: Condition, Cause, Criteria, Effect, Recommendation, Discussion with the auditee, and Disposition.	

Revised: 12/2/02

W/P	Performed
Ref.	By

F. PLAN	NING/CORRESPONDENCE	
1.	PRE-AUDIT MEETING Conduct a pre-audit meeting with the Manager, In-Charge, and Audit Staff. Discuss audit goals, approach, scope, CPA qualifying time, timing, etc.	
2.	ENTRANCE LETTER Send an entrance letter signed by the Director of Internal Audit announcing our intent to conduct an audit and request or confirm an entrance conference. Ask the contact person to provide the names of individuals who should be copied (cc'd) on the letter.	
3.	ENTRANCE CONFERENCE Conduct an entrance conference to discuss proposed audit scope, timing of engagement, auditee assistance required, management rep. letter, office hours, auditor workspace, etc. Inquire if mgmt. has any concerns or issues we should consider during the audit, and document the disposition of each concern/issue. Obtain and review an organization chart, Business Plan, Annual Budget, and Internet website prior to the entrance conference, if possible. (See step G-2)	
4.	EXIT MEETING Conduct an exit meeting with the auditee to discuss exit draft audit report. Include a copy of the draft report in the Report/Correspondence File.	
5.	MANAGEMENT REPRESENTATION LETTER Prepare a Management Representation Letter for the assignment. Discuss the letter at the entrance conference and obtain the letter signed by management at the end of fieldwork.	
6.	OTHER CORRESPONDENCE Document all other pertinent communications relating to the audit. NOTE: Copies of all significant correspondence to/from the Department Head and the IAD Director should also be placed in the Correspondence folder on the server.	

3 of 6

W/P	Performed	
Ref.	By	

G. BACKGROUND/SURVEY	
LIST OF CONTACTS Prepare a listing of audit contacts for this review.	
 2. BUSINESS ACTIVITIES A. To obtain an understanding of the structure of the auditee's organization and cash receipts cycle, obtain and review the following information: Current Business Plan (includes organization chart) Current Annual Budget (number of employees and department budget) (obtain from the Internal Audit Library) County Internet Website Policy and procedure manuals (related to Cash Receipts) Total dollar value of cash receipts and transaction volume by method of receipt (i.e. over the counter or via mail) List of cash receiving locations and activity levels by location 	
B. Perform an <u>analytical review</u> of cash receipts for at least two years prior to the period under review. Investigate any significant variances.	
3. REVIEW PRIOR AUDITS Review prior audits, both internal (including cash losses) and external, for significant comments and/or concerns.	
 4. OBTAIN AN UNDERSTANDING OF THE PROCESS & CONTROLS Perform a walk-through of the cash receipts process with the appropriate supervisor/manager. Obtain a basic understanding of the internal controls. Observe the controls and related documents. Obtain photocopy samples of pertinent documents that may be used in testing. Document your understanding of pertinent information to be used in planning test procedures. Determine whether accounts receivable, trust fund, or cash difference fund impact the scope of this review. Consider having auditee review your process write-ups for accuracy and completeness. 	
5. PERMANENT FILE Review department/agency permanent file and update with pertinent documentation obtained during the review. Create permanent file, if necessary.	
H. SCOPE	
Document the general scope established for this assignment and the areas to be included in the scope of the audit. Include the basis for the determination of the scope. Obtain approval from the Audit Manager before continuing.	

W/P	Performed
Ref.	By

I. CA	SH RECEIPTS TESTING	
1.	SUMMARY Document the work performed and conclude on the objective for this assignment.	
2.	SEGREGATION OF DUTIES MATRIX Complete the Segregation of Duties Matrix to ensure cash receipts duties are adequately segregated in this process.	
3.	INTERNAL CONTROL QUESTIONNAIRE Based on discussion with auditee management and observations made during the cash receipts process walk-through, complete the Internal Controls Questionnaire .	
4.	PRELIMINARY ASSESSMENT OF CONTROLS Based on the information obtained in this section, form a preliminary assessment whether controls are adequate to achieve the objectives of the cash receipts operating cycle.	
5.	TESTING APPROACH Develop a testing approach to determine the effectiveness of key controls. Obtain approval from the Audit Manager before you begin testing.	
	(SUGGESTED TESTS)	
6.	SURPRISE CASH COUNTS At the beginning of fieldwork, perform a surprise count of all cash on hand (this could include change funds containing deposits and cash difference funds.) The amount on hand and documentation of change and/or cash difference fund usage should equal the total authorized fund/s amount. Document your results.	
7.	CASH RECEIPTS TRANSACTION TRACING To ensure cash receipts are deposited completely, trace transactions through the accounting system from the point of initial receipt to the County Deposit Order. Customize test for each dept/agency. Document sample selection and conclusion.	

W/P	Performed
Ref.	By

I. CAS	SH RECEIPTS TESTING, Cont.	
8.	RECONCILIATIONS To ensure cash receipts are recorded accurately and are reconciled to County financial records, inquire and document what reconciliations are performed. Examples of reconciliations include: Validated Deposit Order to financial accounting records (A-C/General Ledger Reports, Dept./Agency subsidiary records, collection records: daily cash count sheets, register z-tapes, etc.) Dept./Agency subsidiary records to A-C/General Ledger.	
	After determining which reconciliations are performed, determine a testing approach to review and test the reconciliations. Discuss approach with Audit Manager. For the reconciliations that are selected for review, perform the following tests: a) Mathematical accuracy and completeness (no unreconciled differences); b) Supported by adequate source documentation; c) Agree beginning and ending balances; d) Reasonableness of reconciling items (long-outstanding items?); e) Prepared by a person with no other cash handling duties; f) Timely preparation; g) Supervisory review. Document sample selection and conclusion.	
9.	HANDWRITTEN RECEIPT BOOK PHYSICAL INVENTORY Perform a surprise inventory of handwritten receipt books. Agree to the Handwritten Receipt Book Log, accounting for all unused books and those currently in use. Document your results.	
10.	PHYSICAL SECURITY If the auditee receives a significant amount of over-the-counter cash receipts (either year round or seasonal), evaluate the adequacy of physical security at the location/s. Document the existing physical security controls and determine if additional measures are needed through discussions with cash receipting personnel and management. Document your conclusion.	